# RB
RESTAURANT BUSINESS

OCTOBER 10, 1990
A BILL PUBLICATION

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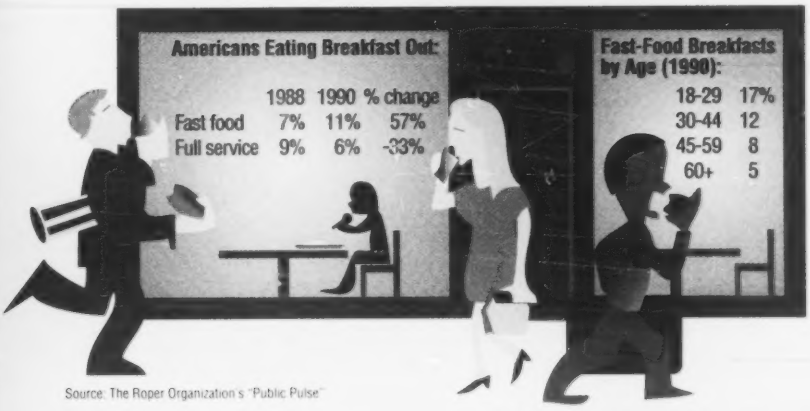
# COMPANY · OF · THE · YEAR

# BUSINESS BAROMETER

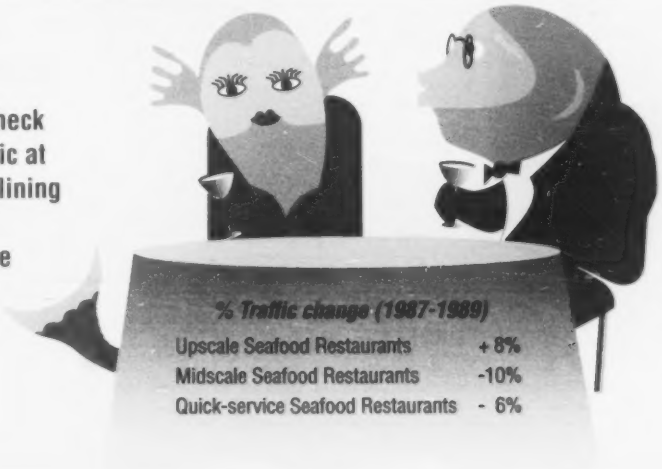



Source: The Roper Organization's "Public Pulse"

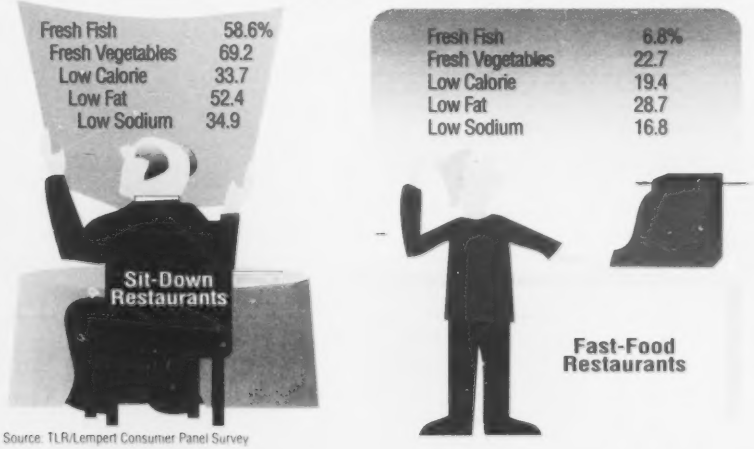
## Fast-Food Breakfast Market Growing

**While breakfast patronage among adult Americans at full-service restaurants is down, quick-service breakfast business is up, according to a poll by the Roper Organization. The biggest fast-food breakfast group: customers between 18 and 29 years old.**

**With the exception of moderate-check upscale seafood restaurants, traffic at seafood restaurants has been declining since 1987, according to NPD's Consumer Reports on Eating Share Trends (CREST).**


% Traffic change (1987-1989)
Upscale Seafood Restaurants +8%
Midscale Seafood Restaurants -10%
Quick-service Seafood Restaurants - 6%

Source: NPD/CREST and the National Restaurant Association




Source: TLR/Lempert Consumer Panel Survey

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**Customer preference for certain healthful foods varies depending on the type of restaurant setting, according to a Lempert Report survey taken last spring.**

Charts by Peter K. Niceberg

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**Cover illustration by Earl Keleny**

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**MARKET SEGMENT REPORT COUNTRY/BBQ.** A multitude of independent operators serve up big platefuls of country specialties on highways and byways across the South and Midwest, and thousands of roadside stands sell pit-smoked barbecue. Yet very few chains have been able to tap the public's undeniable interest in either of these markets. **139**

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## INDUSTRY REPORTS AVAILABLE

Reprints of the **1990 RESTAURANT GROWTH INDEX** and the **1990 MAJOR FORCES IN FRANCHISING** are available for $5 per copy. Direct inquiries to Editorial Director Peter Berlinski, *Restaurant Business*, 633 Third Ave., New York, NY 10017.

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**COVER STORY INDEPENDENT LEGENDS**
*RB* pays tribute to unsung industry heros, a group of independent restaurateurs from Washington State to Maine. Their longevity in the business, continued success, and contributions both to the industry and their communities make them legends in our time.

**MARKET SEGMENT REPORT UPSCALE TAKE-OUT**
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**MENU IDEAS SAUCES & CONDIMENTS**
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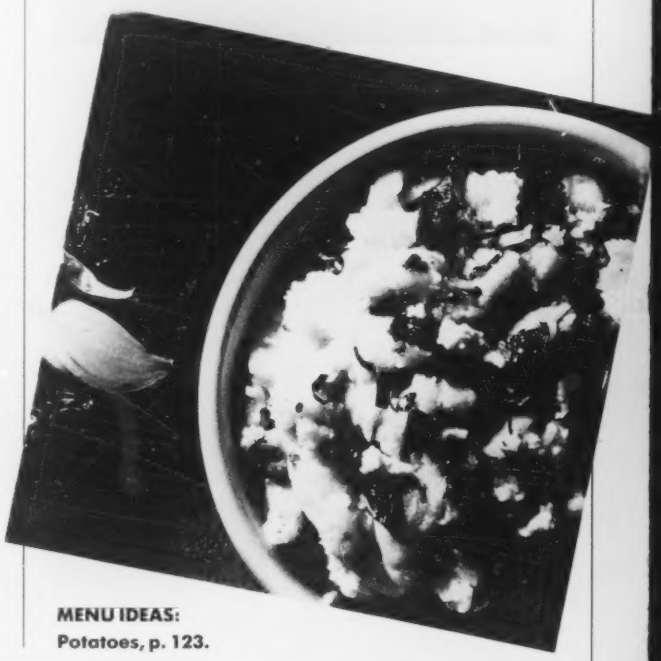

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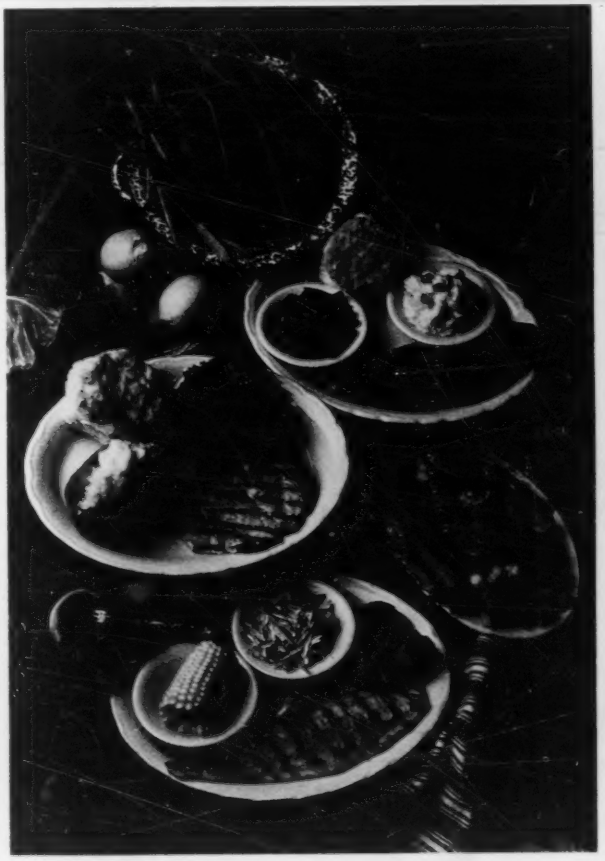
Crisp Salads
Moist Baking

MARKET SEGMENT REPORT

# COUNTRY & BARBECUE

PoFolks emphasizes home-style dishes such as chicken, country-fried steak, and catfish.



A multitude of independent operators serve up big platefuls of country specialties on highways and byways across the South and Midwest, and thousands of roadside barbecue stands sell smoky slabs of ribs, pulled pork, and beef brisket in thousands of small towns. Yet very few chains have grown up to tap the public's undeniable interest in either country cooking or barbecue. Independents reign, and for good reason.

"The people I found who care about barbecue are fanatics, and you can't duplicate their fanaticism with a chain," says Jimmy Banakis, managing partner of Bub City Crabshack and Bar-B-Q in Chicago, part of Lettuce Entertain You Enterprises (LEYE). Banakis embarked on an odyssey through the South to learn about barbecue.

"It seems like everyone's tried to break into the barbecue market," agrees [illegible] Keller, chairman of [illegible] of Fat Boy Bar-B-[illegible] System in [illegible]. "McDonald's took a molded piece of meat with barbecue sauce and called it McRib, and Kentucky Fried Chicken put sauce on chicken. But I don't see anyone doing well unless they do barbecue right."

**NEW FACES, OLD FACES.** While independents will probably own the barbecue market for the foreseeable future, many entrepreneurs are enticed by the popularity of the regional cuisine.

"The beauty of barbecue is that it isn't trendy and it doesn't change," says Gary Jacob, who runs the National Rib Cook-Off in Cleveland every year. "But in the '90s, a lot of smart-money guys are copying barbecue shacks that have been in business for 50 years."

Fred Crowe, president of Memphis' Gridley's Bar-B-Q, agrees that the barbecue business doesn't really change much over the years. "People still want their barbecue, and they want it the way it has always been," he says. "But the number of places serving barbecue has probably tripled over the last 10 years."

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**Regional taste preferences have stymied chains.**

**By Jacque Kochak**

# COUNTRY & BARBECUE

In Arlington, VA, a popular spot is Red, Hot & Blue, modeled after an old-time barbecue shack in Memphis and owned by Lee Atwater, chairman of the Republican National Committee.

K.C. Masterpiece has followed up its success in Kansas City by introducing barbecue to St. Louis, where another unit just opened. The restaurant is reportedly posting phenomenal sales, despite the fact that St. Louis doesn't enjoy a heritage of barbecue.

Nevertheless, the barbecue restaurants favored by many continue to be the real thing, the out-of-the-way, no-frills places like Warren Clark's in Tioga, TX. The restaurant's namesake makes a religion out of slow-cooking meats on an open pit.

Or like Dallas' Sonny Bryan's, which opens at 11 a.m. and closes the doors when the food is gone. The restaurant's few stools can't hold most of the customers, so they eat outside on their car hoods.

Or like Teller's Bar-B-Q, in the Appalachian mountain community of Clinchport, VA, where the proprietor slow-smokes meat in big barrels outside the restaurant.

**REGIONAL DIFFERENCES.** For barbecue, at least, differences in regional tastes are important. The barbecue that people like in the Carolinas differs significantly from the barbecue popular in Florida, and Florida barbecue is different from barbecue in Tennessee. Texas is an altogether different story, and then there's Missouri.

Up north in Chicago, the populace boasts a noble history of consuming ample quantities of barbecued ribs at legendary rib houses like Carson's, Randall's, and Leon's. Yet when LEYE's Banakis took a Texas-style barbecue to the Windy City, customers told him the taste was too smoky. "We didn't have to educate customers at Bub City about barbecue," Banakis says. "They told us what they wanted."

In most of the rest of the North, people think that the chicken slathered with store-bought sauce and quick-cooked on the backyard grill is "barbecue." They're not familiar with the complex, smoky taste of true barbecue, cooked slowly for hours.

**The BBQ segment is dominated by independents.**

"It's difficult to open stores in Northern states because people aren't used to barbecue," says Fat Boy's Jesse Keller. "You don't just go up and open a barbecue place and expect to succeed. You have to break in."

Until recently, making true Southern barbecue always involved slow-smoking meats for hours over an open pit. The

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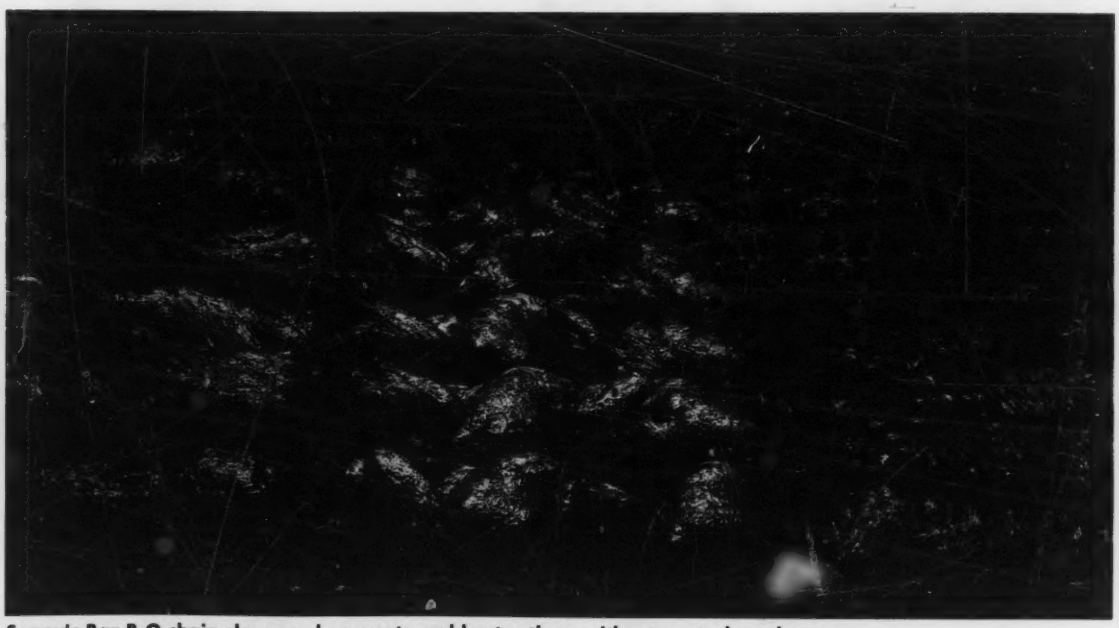

**Sonny's Bar-B-Q chain slow-smokes meats and bastes them with a tomato-based sauce.**

# COUNTRY & BARBECUE

**Bob Evans Farms offers a broad menu with something for everyone.**

**This segment promises good price/value.**

process was laborious and time-consuming, and old-timers say that it took at least a year to train a pit-man, who works without a timer and has to know by instinct where the pit is hot and where it's not, so the meat doesn't burn.

Advances in technology have made it possible to slow-smoke meats in commercial cookers, so some multi-unit regional operators have emerged.

Among them is Gainesville, FL-based Sonny's Bar-B-Q, with 80 units currently scattered through Florida, Georgia, North Carolina, Alabama, Kentucky, Mississippi, and Louisiana. Systemwide sales are projected to be $87 million for 1990. Plans call for eight additional stores to open in 1990, with the East Coast of Florida south of Cocoa Beach targeted for expansion.

Sonny's barbecues pork, beef, and chicken, and the meat is sliced rather than chopped. The sauce is tomato-based. Sonny's is a traditional "barbecue barn," with a country-and-western decor and wooden benches. Exteriors boast shutters and pillars.

Competitor Fat Boy Bar-B-Q Franchise System is based in Cocoa, FL. The company started in 1958 in Cape Canaveral, and chairman Keller says, "I broke the sound barrier the first time we took in $100."

Of course, he points out, sandwiches sold for 35¢ at the time. Sandwiches now sell for about $2.50, and average unit volume is $650,000 a year. Systemwide sales are estimated by *RB* at $25 million.

Ten to 12 units will open next year, says Keller. Right now two company stores exist; another two may possibly open next year as well.

Units are currently open in Florida, Kentucky, North Carolina, Puerto Rico, and the Bahamas, as well as in Ft. Collins, CO.

Fat Boy's is working on a prototype drive-thru restaurant that would allow expansion into smaller towns, says Keller. The restaurant seats only 44 to 64 people, with the majority of sales from the drive-thru window; a full unit seats up to 258 people, including seating in the banquet room.

The prototype costs $160,000 to build instead of the $300,000 required to open a standard unit, and utilizes much smaller and less expensive parcels of land. Another plus is that eight to 10 waitresses are eliminated, saving on labor costs. "We can put the restaurant into towns of fewer than 70,000 people," says Keller.

More typical is the small regional operator with a strong local following. Kansas City's Gates & Son's (See upcoming cover story, November 1, 1990), is an example. Another example is Memphis' Gridley's, with three units in operation. Two are located in Memphis; a franchised unit operates in Jackson. The company was founded in 1975 by Clyde Gridley, who started off

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with a Loeb's Bar-B-Q franchise and later opened his own concept.

Gridley's still uses a series of pits to smoke its pork shoulders, prime beef brisket, and ribs over hickory wood for up to 16 hours.

"Economically, we'd be better off using automatic cookers, but I think the taste and texture of the meat are changed," says Crowe. "You just don't get the charcoal flavor. The taste is hard to describe unless you put the two kinds of barbecue side-by-side, but you can't duplicate an open pit."

Crowe points out that a barbecue restaurant is a lot harder to operate than many restaurants. Because of the cooking time and meat shrinkage, barbecue is an extremely high-cost food. Another problem is the fluctuation in food prices; ribs can vary as much as $1.20 a pound in price from one time of the year to another.

The rewards are significant, however. Each Gridley's averages $2.5 million in sales annually.

Typical of the new breed of entrepreneurs attracted to the barbecue business is LEYE's Jimmy Banakis. Bub City Crabshack and Bar-B-Q features Southern-style seafood dishes as well as barbecue. The slow-smoked brisket is cooked over hickory and mesquite wood in a commercial cooker. Other barbecue specialties include chopped pork sandwiches and barbecued chicken sandwiches.

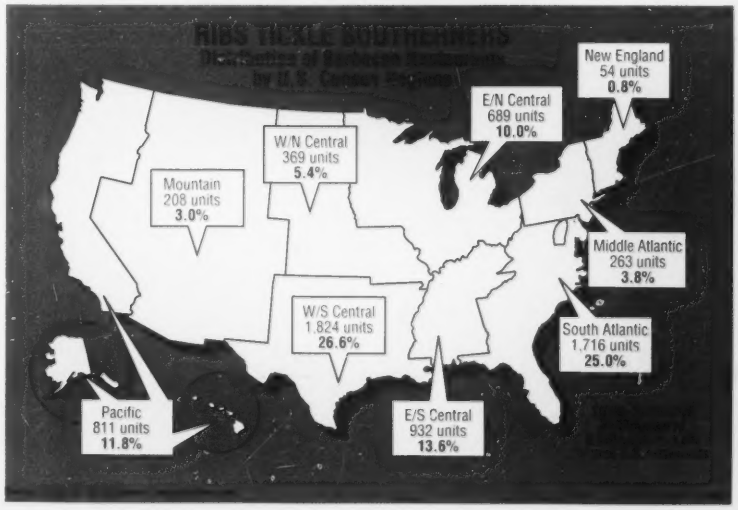
**Rib restaurants have a broader appeal than BBQ.**

The menu also offers such items as oyster and hot sausage po' boys, skillet fried chicken, Bub Potatoes, seafood 'n cornbread stuffing, Somthin' Choclit, and a bananas Foster sundae.

The atmosphere is casual, with diners surrounded by weathered wood and exposed brick walls cluttered with nautical nets and ropes, postcards, a wild pig's head, wagon wheels, and other artifacts.

Bub City offers several private party areas, and special menus include crab feasts, Texas pig-outs, and fish boils.

**RIB HOUSES.** Barbecued ribs are more



familiar than barbecued beef or pork to people in most of the country, and restaurants specializing in barbecued ribs seem to do well everywhere. They encounter less of a regional bias; barbecued ribs are more nearly "All-American."

Restaurants specializing in barbecued ribs make less of a religion out of barbecue, sometimes cooking the ribs in an oven with sauce and skipping the smoking process altogether.

Their competition tends to be all other casual-theme restaurants rather than barbecue restaurants in particular. A Tony Roma's, for example, competes against a Friday's or a Houlihan's, not the local barbecue outlets.

"We don't tread on the toes of the local barbecue places, and they don't tread on ours," says Tony Roma's president, Ken Reimer. "The traditional barbecue places are part of Americana. We can't duplicate that."

He points out that the typical barbecue outlet is usually short on decor, often self-service, with a different pricing structure than a Tony Roma's, and quite often a different clientele.

Tony Roma's now operates 137 units nationwide, with the greatest concentrations in California and Florida. Units also operate in Canada, Japan, the Caribbean, and Guam. Expansion plans call for opening another 25 restaurants in the next year, most of them franchised.

Reimer says that systemwide sales will reach $250 million for the fiscal year ending in February of 1991. Sales are growing at a rate of about 20% a year, he says, largely because of new unit openings, but also because same-store sales are up slightly.

Tony Roma's typically adds one or two new menu items a year to keep the menu fresh. This year's addition was the Roma Feast, a platter with sausage, barbecued chicken, Carolina honey ribs, cole slaw, and corn on the cob. The platter sells for $8.95 at most locations.

Reimer won't comment on how Tony Roma's prepares its ribs. "That's a little like asking the Colonel how he makes his chicken," he says. He does say, however, that Roma's does more grilling than barbecuing, and that the company uses a sauce whose ingredients are acceptable all over the country.

Reimer adds that Tony Roma's is very aware of regional preferences in barbecue, but doesn't tamper with its basic product, the original baby back ribs. In an area where customers are used to a radically different kind of sauce, Tony Roma's might consider using an alternative sauce on one of its four other rib offerings, he says.

Another typical rib chain is Ft. Lauderdale-based Bobby Rubino's, with 18 units on the East Coast and one in San Francisco. The company posted 1989 systemwide sales of $40 million, with an average unit volume of just under $2 million.

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The company had ceased franchising for awhile, but has now resumed. Expansion plans call for opening more company stores, as well, with the emphasis on filling in Florida markets.

Janice Kinker, Bobby Rubino's director of marketing, notes that many more restaurants are offering barbecued ribs than ever before. "Ribs are on everybody's menu," she says. She also sees heavy discounting, with rib houses such as Bobby Rubino's struggling for market share with chains like Friday's and Chili's.

Bobby Rubino's serves barbecued ribs, shrimp, chicken, and combos. Several new soups and salads have been added during lunch. Increased emphasis is being put on Bobby Rubino's take-out business, which now accounts for about 10% of sales. Take-out is being promoted through in-store signage.

The restaurants also sell grill-ready ribs, which are preseasoned to finish on the grill in eight minutes. The ribs are being promoted by advertising that explains "How to Become a Cookout Legend—Cheat a Little."

**COUNTRY COOKING.** So-called "country cooking" is increasing in status. While independents across the U.S. have long specialized in hearty, flavorful foods using America's indigenous ingredients, sophisticated chefs are now doing likewise.

The American consumer is increasingly interested in value, and is drawn to casual, comfortable restaurants that offer a simple, familiar kind of cooking. As a result, "country cooking" is today being promoted with pride by pedigreed chefs.

Among them is Jack McDavid, owner of the Down Home Diner and Jack's Firehouse in Philadelphia. He insists that country cooking can be just as complicated as haute cuisine. Both restaurants specialize in McDavid's own variety of country, and customers

**Sophisticated chefs are serving country dishes.**

wait outside the Down Home Diner for up to two hours.

McDavid makes much of the fact that he is a country boy from the Appalachian Mountains of Virginia, near where Tennessee and Kentucky meet. But he also doesn't hide the fact that he trained in restaurants the likes of La Cote Basque in New York City, Le Lion D'Or in Washington, and Le Bec-Fin in Philadelphia.

McDavid went to the University of Virginia to study accounting, but got bitten by the restaurant bug when he worked part-time in a restaurant. He spent a number of years training at top restaurants up and down the East Coast before opening the Down Home Diner four years ago.

When the Down Home Diner first opened in Philadelphia's century-old Reading Market, the restaurant served only breakfast and lunch, with dinner added later. Breakfast consisted of old favorites such as fried country ham with red-eye gravy and stewed apples, french toast with Vermont maple syrup, and cinnamon rolls. Lunch and dinner dishes include pot roast, pork chops smothered with apples and onions, a B.L.T. sandwich made with Virginia slab bacon, Brunswick stew from the Appalachians, and pulled pork—the shredded pork with a vinegar sauce that is favored as barbecue in some parts of the South.

Customers aren't fooled by McDavid's down-home demeanor, however; he also makes liberal use of such ingredients as wild rice, shiitake mushrooms, pine nuts, angel hair pasta, and alfalfa sprouts.

When McDavid opened Jack's Firehouse in an old fire station near

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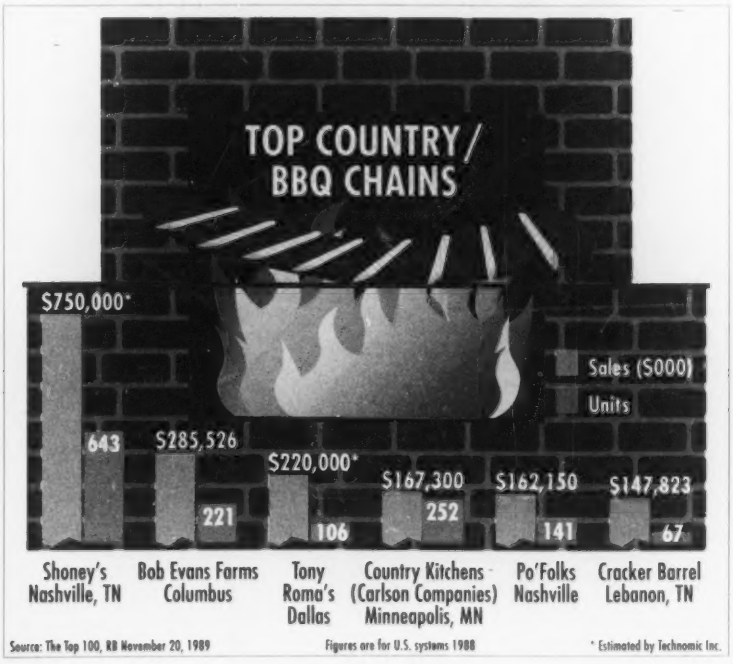

# COUNTRY & BARBECUE

**LEYE's Bub City Crabshack and Bar-B-Q serves country specialties.**

## Country chains offer low prices and hearty fare.

downtown, he introduced something he calls "haute" country. "I'm serving things people never heard of in an upscale restaurant, like black-eyed peas, hog-jowl soup, and chitlins," he says. How does he get customers to try chitlins? With his American Sampler menu, consisting of 15 to 20 different small samplings of menu items served family style.

Equally devoted to promoting America's own indigenous specialties is Ruth Adams Bronz of Miss Ruby's Cafe in New York City (See *RB* July 1, 1990). She calls herself a missionary, charged with educating people about the diversity and appeal of this country's own cooking.

Her 80-seat restaurant in Manhattan's Chelsea district serves American classics such as corn and red onion fritters, chicken-fried steak, catfish in cornmeal batter with onion hush puppies and tartar sauce, gumbo, pork chops and collard greens, and Southern fried chicken.

At the same time that accomplished chefs have been discovering American regional cooking, a few chains serve variations on the same kind of home cooking.

They do a good job of providing meals to replace home-cooked food, especially for travelers, and serve home-style specialties such as chicken-fried steak, fried chicken, pot roast and chicken with plump homemade noodles.

The largest is Columbus, OH-based Bob Evans Farms, with units strung along highways from Florida to Michigan. The chain grew out of a diner in Gallipolis, OH, where founder Bob Evans started serving his own sausage. Both a thriving restaurant business and a thriving sausage company grew out of that original enterprise.

Bob Evans Farms now operates 248 restaurants in 14 states, primarily in the Midwest. Nine of the total operate in Texas under the name Owens Family Restaurants. The company continues to expand at a steady rate, with about 20 units expected to open in the next year, says Mary Cusick, vice president of corporate communications.

One of the new units will be a redesigned prototype, with a cleaner look, a larger waiting room, and easier access to restrooms. The new restaurant will contain an area dedicated to carry-out, with a dedicated phone line for taking orders.

The restaurant will also contain a Bob Evans General Store. Units with general stores will be built at destination points, near amusement parks and resorts. The first one will open near King's Island north of Cincinnati.

For the first time, Bob Evans' expansion will be taking the company into New York state. A unit will open in Buffalo, and further East Coast expansion will follow.

With systemwide sales for fiscal 1990 of $322 million and average unit volumes of $1.4 million, Bob Evans clearly appeals to customers. The restaurants are squarely in the family restaurant category, with country specialties lending personality to the menu.

The broad menu contains something for everyone. Along with country-fried steak, biscuits and gravy, catfish, and homemade chicken and noodles, the hungry diner can find spaghetti and meatballs, hamburgers, and salads.

Bob Evans is also continuing to emphasize its grilled skinless chicken, and serves all sandwiches on multigrain buns. The company is also in the final stages of testing a pot roast.

The company will be playing up its rural heritage with a new advertising campaign this fall. Television advertisements will talk about "The Way It Was Is The Way It Is At Bob Evans."

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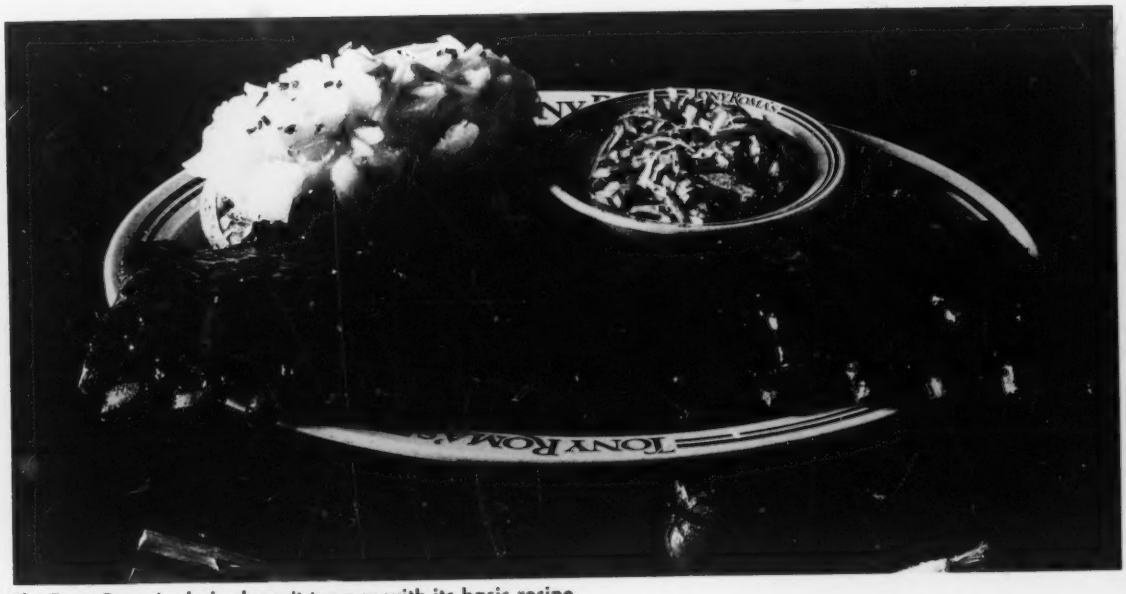


**The Tony Roma's chain doesn't tamper with its basic recipe.**

## BBQ isn't trendy; it's here to stay.

Another family restaurant chain that emphasizes a country connection is Nashville, TN-based PoFolks, with 137 units and $170 million in systemwide sales. PoFolks average unit volume is about $1.2 million, says Mike Duncan, field marketing manager.

PoFolks has units as far afield as Detroit and Philadelphia, but the company's stronghold is the Southeast and Southwest.

Like Bob Evans, PoFolks emphasizes home-style cooking such as country-fried steak, fried chicken, and Southern-style catfish. Entrees are accompanied by two home-style vegetables, with 19 choices available.

Also like Bob Evans Farms, PoFolks doesn't restrict the menu only to country favorites. A customer can also choose from entrees such as London broil, chuck steak, or eight different seafood entrees. Duncan says seafood accounts for 40% of the menu mix.

PoFolks makes more of a point of playing up the country connection than Bob Evans, however, with hostesses saying "Howdy" to incoming customers, and the menu containing misspelled words as well as an almanac section full of old-fashioned homilies.

Part of the appeal of country-style restaurants is the low prices and the nutritious offerings, so they naturally appeal to families with children. In fact, says Duncan, *Consumer Reports* Magazine recently rated PoFolks the best restaurant chain for kids.

Most units are freestanding, in suburban and major metropolitan areas. The company is currently in the middle of a major remodeling program, taking units from a farmhouse decor to an atmosphere more closely resembling a comfortable country home.

Lebanon, TN-based Old Cracker Barrel restaurants, with 89 units in the Southeast and Midwest, also taps the public's desire for old-fashioned, home-style meals. The restaurants are strung along interstates in 12 states.

Fifteen new units were to open in 1990, and 18 more units are scheduled for opening in fiscal 1991.

The restaurants resemble large, comfortable country farmhouses with big front porches. Inside, they contain gift shops. The menu emphasizes home-style cooking, with a particular emphasis on quality

**THE FUTURE.** Both barbecue and country cooking restaurants are here to stay. The segment may always be dominated by independents, because a chain can't quite duplicate some of the elements that make these restaurants so appealing.

"You can't fool the people with gimmicks," says Jesse Keller of Florida's Fat Boy Bar-B-Q, expressing the philosophy of many in the barbecue/country cooking segment. "We stick with the basics, and make it like mother made it. If we can give you real good food and real good service, we expect to see you back." **RII**